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SUBJECT: Argentina: Farmer Demonstration Against Agriculture Policy
Brings Some Changes

Summary and Comment

¶1. (SBU) A February 17 demonstration by farmers in Chab????s, Santa Fe province, protesting the government's agriculture policies has brought about welcome policy changes. That evening, hoping to defuse the situation and avoid another all-out strike and sales boycott by farmers, Minister of Agriculture Juli????n Dom????nguez, and

the President of ONCCA (Argentina's Agricultural Trade Control Office), signed off on freeing up 10 million tons of corn, and 1 million tons of wheat, for export, prior to a February 18 meeting of the agricultural sector's Liaison Board to decide future protest actions. That move seems to have appeased farm leaders who decided to put strike measures on hold. In addition, on February 18, Minister Dominguez, and Buenos Aires Governor Daniel Scioli, announced new subsidies for the cattle and meat sectors totaling more than AR\$55 million, destined for 73 municipalities in the province. The recent GOA actions to allow more grain sales and provide assistance to the cattle sector are steps in the right direction that will likely alleviate mounting pressures on markets and the sentiment of disgruntled farmers - at least for now, as producers are now likely to focus on export restrictions for beef and other issues. End Summary and Comment.

Farmers Demonstrate Against Export Cuts

¶2. (SBU) A February 17 demonstration by farmers in Chab????s, Santa Fe province, protesting the government's agriculture policies, has brought about welcome policy changes. The demonstration was led by the Argentine Agrarian Federation (FAA) with the participation of more than 600 producers, truck drivers and other locals. Farm sector producers from other parts of the country participated as well. Vocal farm leader Eduardo Buzzi, head of the Argentine Agricultural Federation (FAA), said that he wanted to continue to negotiate with the GoA, but threatened strikes if no positive results were achieved. The demonstrators were protesting against the possibility that the government would cut exports to encourage lower domestic prices. Buzzi said that if the GoA pursued such a policy, there could be dire consequences, such as a food sales boycott. He highlighted the need to increase the number of corn export permits, to improve wheat prices for producers, and to establish lines of communication to discuss livestock policies.

¶3. (SBU) That evening, hoping to defuse the situation and avoid another all-out strike and sales boycott by farmers, Minister of Agriculture Juli??n Dom??nguez, and the President of ONCCA (Argentina's Agricultural Trade Control Office), signed off on freeing up 10 million tons of corn, and 1 million tons of wheat, for export, prior to a February 18 meeting of the agricultural sector's Liaison Board to decide future protest actions against the onerous government policies. That move seems to have appeased farm leaders who decided to put strike measures on hold.

New Cattle and Meat Subsidies

¶4. (SBU) In addition, on February 18, Minister Dominguez, and Buenos Aires Governor Daniel Scioli, invited Buzzi and other farm leaders to a meeting during which they announced new subsidies for the cattle and meat sectors totaling more than AR\$55 million, destined for 73 municipalities in the province.

Comment

¶5. (SBU) The recent GOA actions to allow more grain sales and provide assistance to the cattle sector are steps in the right direction that will likely alleviate mounting pressures on markets and the sentiment of disgruntled farmers - at least for the short term, as producers are now likely to focus on export restrictions for beef. According to livestock experts, stockbreeding was severely impaired by the worst drought in 70 years, and combined with counterproductive government policies, concerns about Argentina's declining cattle herd are real. The announced subsidies will likely create incentives for farmers to increase herd size. The wheat market also faces difficulties, as supply vastly exceeds demand and open exports are necessary to sell excess supplies. The announcement of one million additional tons for export should suffice to complete USDA's projected 4 million tons of exports for this crop year if current production forecasts hold. Additionally, the 10 million tons of corn released for export should cover the 9.5 million ton forecast for the crop year. Although these announcements are steps in the right direction, several issues such as export restrictions on beef will continue to create contention between the agricultural sector and the GOA.

MARTINEZ